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Indonesia

Fishery Products

Shrimp update

2008

Approved by:

Fred R. Kessel
U.S. Embassy, Jakarta

Prepared by:

Fahwani Y. Rangkuti

Report Highlights:

Ocean shrimp catch continues to decline. Most of the farmed shrimp production goes for the export market. Although all parties involved in shrimp export have worked together to solve residue problems, traditional shrimp farm management is not yet fully compliant with international standards.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Jakarta [ID1]
[ID]

Executive Summary

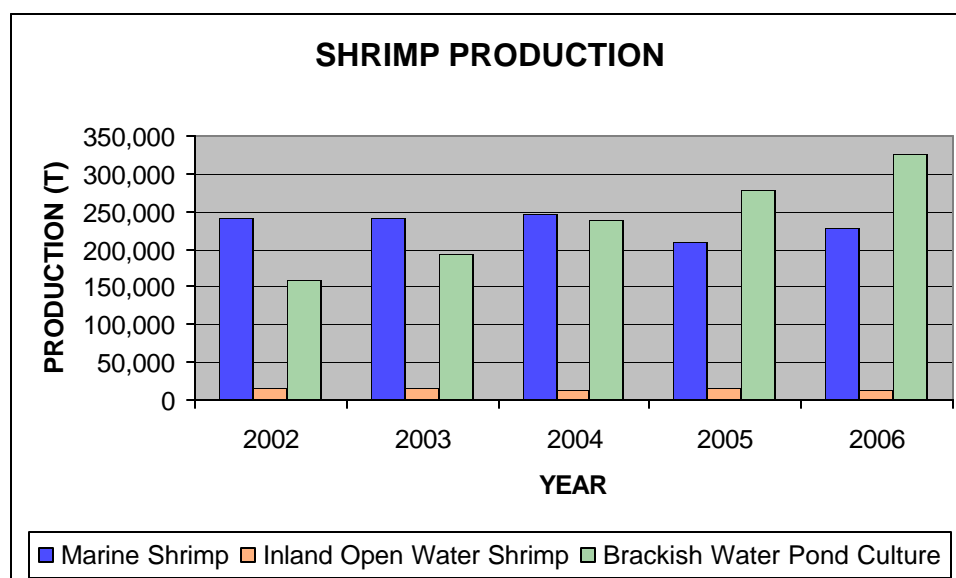
The trend for ocean catch shrimp production is declining since 2004 while farmed shrimp production typically increase. However, farmed shrimp production estimates for 2007 amounted to 352,220 metric tons, below the Government of Indonesia (GOI) target of 410,000 metric tons.

Farmed shrimp production is primarily for the export market. The Indonesian shrimp industry faces strong export competition pressure from other countries such as Thailand, Vietnam, China, and India from Asia, Mexico and Ecuador from the Americas in the US market. The shrimp sector continues to face domestic constraints, such as poor compliance with international quality standards (includes sanitation and food safety concerns), low productivity and efficiency, high power cost, and high “unofficial” costs of doing business.

Production

Ocean Catch Shrimp Production

During 2006, ocean catch shrimp production was only 40 percent of total Indonesian shrimp production. It was estimated that the production in 2007 and 2008 also decreased due to poor weather conditions and the increase of fuel prices (end of May 2008).



Source: Ministry Marine Affairs and Fisheries-Directorate General of Capture & Directorate General of Aquaculture

Farmed Shrimp Production

Established shrimp farm area is estimated to be 450,000 ha, nevertheless only an estimated 153,000 ha is actually cultivated. Currently, *P.monodon* is a leading farmed species for traditional farmers although the percentage has decreased from 70 percent of total shrimp production in 2002 to 45 percent in 2006. Meanwhile *P.vannamei*, the second most important species, increased from 22 percent in 2004 to 43 percent in 2006.

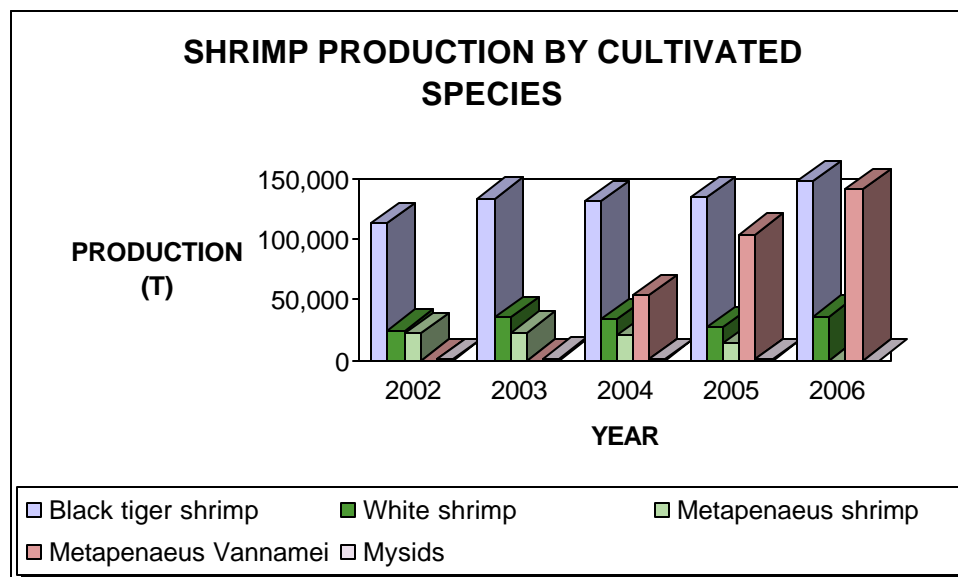
The GOI intends to push shrimp farm production in its 2006-2009 program. Unfortunately, farmed shrimp in 2005, 2006, and 2007 did not reach GOI targets of 300,000; 350,000; and 410,000 metric tons. For 2008 and 2009, the GOI targeted 470,000 and 540,000 metric tons. Producers note, these target will be difficult to achieve.

In 2007, GOI also has confirmed the main shrimp production area is in Medan, Palembang, South Lampung, Cirebon, Semarang, Sidoarjo, West Kalimantan, South Kalimantan, Balikpapan, Makassar, and Papua.

Traditional shrimp farms still dominate the farmed shrimp industry in Indonesia. Traditional farmers have not all improved their shrimp farm management. Efforts of GOI and private sector to transfer the knowledge along the shrimp value chain have not succeeded entirely. This is reflected in poor feed management practices and low use of quality feed; poor quality fry purchased from hatcheries; inappropriate use of antibiotics and chemicals; limited focus on disease prevention through activities such as sustainable farm management; and poor water and pond management.

Due to food safety and sanitation concerns from destination export countries, i.e. United States, Japan, and European Union, GOI and Shrimp Club Indonesia have worked together to educate and improve farm management and related practices. This effort has started to contribute to the development of a traceability program for shrimp farms.

Another concern faced by both the ocean catch and farmed shrimp industry is high energy cost due to the 30 percent increase of fuel price as well as unreliable electrical power supply.



Source: Ministry Marine Affairs and Fisheries-Directorate General of Aquaculture

Brood stock

P. vannamei broodstock originates from Florida and Hawaii. Shrimp fry from good quality imported broodstock is used by intensive and semi-intensive farms, while an estimate 90 percent of traditional farmers use fry non SPF (Specific Pathogen Free) and non SPR (Specific Pathogen Resistance) from domestic sources due to price concerns and lack of knowledge of the benefits using good quality shrimp fry. *P. monodon* broodstock is produced locally and it mostly used by traditional farmers.

The GOI assistance to improve quality of small-scale hatchery operation (especially backyard hatcheries) is limited in part due to large numbers and geographically dispersed production locations.

Shrimp feed

The import content of ingredients used to produce shrimp feed in Indonesia is high. Key inputs for shrimp feed such as fish meal, soybean meal, wheat germ meal, and pre-mixes containing vitamins, are not produced locally. Although there is a big opportunity to produce fish meal locally, the production and the quality is low due to the difficulty in securing basic material.

Most shrimp feed millers are integrated with shrimp and poultry companies and located in North Sumatera, Lampung, Banten, Jakarta, West Java, East Java, and South Sulawesi. However, production capacity of shrimp feed millers is smaller compared to poultry feed production. It is estimated that the total feed production in 2008 is approximately 8.5 million metric tons. Poultry industries consumes 78 percent, aquaculture includes shrimp industries consumes 7 percent, and the remaining goes to swine and ruminants.

Disease

Rapid shrimp disease testing and general guidance on disease management are still needed by the farmers to control White Spot Syndrome (WSSV) and Taura Syndrome Virus (TSV) disease.

Poor quality of shrimp fry drives the incidence of disease. In addition inadequate water treatment, unsuitable location, and appropriate use of antibiotics and chemicals also creates risks for the reputation of the shrimp industry in some export markets.

Processing

The cold storage and shrimp processing industries are required to obtain an approval number provided by GOI if they intend to export products. Currently, there are only 113 facilities out of 439 which have done so. The European Union (EU) continues to seek GOI progress to improve cold storage facilities qualification into A grade as one of a requirements to export its products to their countries.

A traceability program is considered an important way to produce good quality products for the export market. Several visits of EU and US Food and Drug Administration (FDA) inspection teams to shrimp farm locations to assess and solve residue problems have been accomplished since 2006. Based on the inspections, GOI already purchased equipment from EU to monitor contaminants.

Policy

In addition to fuel cost increase, GOI also plan to reduce the government non tax revenue (fish catch production charge) in July at around 10 to 20 percent for vessel over 30 Gross Tons.

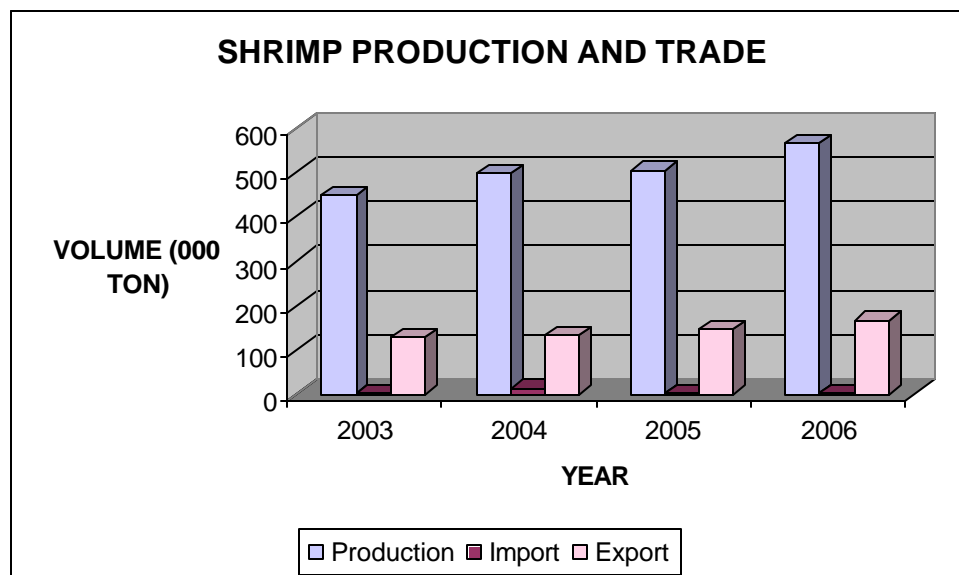
To support fish and shrimp farm production from traditional farms, GOI has provided subsidized of aquaculture certified seed/fry produced by the government and small-scale hatcheries assisted by government since 2006.

In 2008, GOI also issued a regulation to expedite export of 14 species of marine caught products includes frozen shrimp and prawns (030613000), frozen other sea crawfish (0306219900), and live lobster (0306212000) without going through Indonesian port.

Consumption

According to local sources, farmed shrimp produced is primarily exported to US, Japan, and EU. Domestic consumption has not become a focus of the shrimp producers yet, due to the attractiveness of international prices and low domestic purchasing power.

The following chart shows that a substantial amount of shrimp production was not exported. It reflects that the product is consumed by domestic market and is probably lower quality products.



Source: Ministry Marine Affairs and Fisheries-Directorate General of Aquaculture & Global Trade Atlas

Trade

In general, shrimp is exported headless. Indonesia was the third largest supplier of crustacean products to US in 2007. For 2008 (April data), Indonesia was the second largest supplier, after Thailand, for crustacean products to the US with 31,800 metric tons and the fourth largest export to Japan, after China, Thailand, and Vietnam at amount of 14,100 metric tons.

A Chinese ban of Indonesian seafood products due to chemical and metal residues in August 2007, was resolved in early February 2008. Indonesian seafood exports to EU and Japan still need to be inspected at destination to monitor residue content adding to the cost of the products.

Since January 2007, Ministry of Trade prohibited export of fresh water giant prawn with the size below 8 cm in size as well as brood stock and parent stock of Penaeidae.

Shrimp export and import activities face inefficient procedures that increase the cost of trading, such as excessive data and documentation requirements, lack of transparency, long cargo release and clearance times due to lack of port facility support, lack of inter government agency coordination, unofficial payments to parties involved in product release.

Export Trade Matrix (rounded)			
Country	Indonesia		
Commodity	Crustacean		
Time Period	Jan-Dec	Units	MT
Export to	2006		2007
U.S.	60,000	U.S.	55,000
Others		Others	
Japan	49,700	Japan	37,000
Belgium	12,700	Belgium	11,300
United Kingdom	9,700	United Kingdom	8,700
Hong Kong	5,200	Malaysia	5,800
Thailand	5,000	Hong Kong	5,000
Malaysia	4,100	Thailand	4,800
Singapore	2,500	Singapore	2,000
China	2,500	Netherlands	1,900
Germany	2,000	Germany	1,700
Italy	1,900	Taiwan	1,700
Australia	1,700	Italy	1,400
Netherlands	1,500	China	1,200
France	1,300	France	800
		Australia	700
		Canada	700
Total for Others Listed	99,800	Total for Others Listed	84,700
Others not listed	5,800	Others not listed	2,900
Grand Total	165,600	Grand Total	142,600

Source: Global Trade Atlas

Import Trade Matrix (rounded)			
Country	Indonesia		
Commodity	Crustacean		
Time Period	Jan-Dec	Units	MT
Imports from	2006		2007
U.S.	120	U.S.	110
Others		Others	
Indonesia	410	Netherlands	2,250
Netherlands	300	Pakistan	570
Thailand	20	India	90
South Africa	10	Malaysia	40
		China	40
		Japan	30
		Thailand	30
Others not listed	20	Others not listed	60
Total for Others	760	Total for Others	3,050
Grand Total	800	Grand Total	3,220

Source: Global Trade Atlas

Indonesia banned shrimp imports in 2004 to halt transshipments of shrimp and to limit diseases. The ban was first implemented in December 2004 and is currently being renewed every 6 months. The latest regulation dated June 27, 2008 (Joint decree Ministry of Trade No. 23/M-DAG/PER/6/2008 and Ministry of Marine and Fishery No. PB.01/MEN/2008) prohibited imports of frozen, and fresh includes processed shrimp *P. vannamei*.

Shrimp currently prohibited from being imported into Indonesia:

No	HS Number	Description
1	0306.13.0000	- Frozen - Small shrimps and ordinary shrimp (of species <i>Penaeus vanamei</i>)
2	0306.23	- Unfrozen
	0306.23.3000	- Small shrimp and ordinary shrimp (of species <i>Penaeus vannamei</i>) - Fresh or chilled

Due to food safety concerns, other import of shrimp species must be accompanied with health certificate and country or origin certificate (COO) to comply with traceability and trade rule for US and EU market. This regulation will only allow import of fresh and frozen shrimp products to be used as a raw material for export market by local shrimp processors through certain port of entry.

Tariff

Based on Government Regulation No. 7/2007, fresh or chilled, whole, headless shrimp and live, fresh, chilled, and frozen lobster are exempted from the 10 percent value added tax. Import duties and value added taxes are provided in Appendix I.

Other Relevant Reports

1. **Shrimp report:** <http://www.fas.usda.gov/gainfiles/200707/146291660.pdf>
2. **Feed Situation report:** <http://www.fas.usda.gov/gainfiles/200709/146292439.pdf>

APPENDIX I: Tariff Rate

HS Code	Description	Import Duty (%)	VAT
Frozen			
0306.11.00.00	Rock lobster and other sea crawfish (Palinurus spp, Panulirus spp, Jasus spp)	5	0
0306.12.00.00	Lobster (homarus spp)	5	0
0306.13.00.00	Shrimp and prawns	5	10
Unfrozen			
0306.21	Rock lobster and other sea crawfish (Palinurus spp, Panulirus spp, Jasus spp)		
0306.21.10.00	Breeding	0	10
0306.21.20.00	Other, live	5	0
0306.21.30.00	Fresh or chilled	5	0
0306.21.91.00	Other In airtight containers	5	0
0306.21.99.00	Other	5	0
0306.22			
0306.22.10.00	Breeding	0	10
0306.22.20.00	Other, live	5	0
0306.22.30.00	Fresh or chilled	5	0
0306.22.41.00	Dried in airtight containers	5	0
0306.22.49.00	Other	5	0
0306.22.91.00	Other in airtight containers	5	0
0306.22.99.00	Other	5	0
0306.23			
0306.23.10.00	Breeding	0	0
0306.23.20.00	Other, live	5	10
0306.23.30.00	Fresh or chilled	5	0
0306.23.41.00	Dried, in airtight containers	5	0
0306.23.49.00	Other	5	0
0306.23.91.00	Other in airtight containers	5	0
0306.23.99.00	Other	5	0
1605.20			
	Shrimp paste		
1605.20.11.00	In airtight containers	5	10
1605.20.19.00	Other	5	10
	Other		
1605.20.91.00	In airtight containers	5	10
1605.20.99.00	Other	5	10

Source: Indonesian Customs Tariff Book, Government Regulation (PP) No 7/2007 and PP NO 31/2007

APPENDIX II: Shrimp Production (rounded)**Marine shrimp production (Metric Tons)**

Species	2003	2004	2005	2006
Endeavour/Shrimp bluetail endeavour prawn/Shrimp red greasib	34,200	38,400	31,500	26,800
Banana prawn/White shrimp/Indian banana	66,500	68,700	61,900	59,800
Tiger cat shrimp/Rainbow shrimp	-	2,800	6,400	4,300
King/Blue legged prawn	-	100	100	300
Jumbo/Giant/Blue/Brown tiger prawn	34,200	34,500	30,400	37,500
Spiny lobster	5,300	5,400	6,600	5,200
Other shrimp	100,200	95,900	71,500	93,100
Total	240,400	245,800	208,400	227,000

Source: Ministry Marine Affairs and Fisheries-Directorate General of Capture Fisheries

Inland open water shrimp production (Metric Tons)

Species	2003	2004	2005	2006
Athyds	700	300	400	400
Giants freshwater prawn	4,900	4,600	8,400	4,900
Fresh water shrimp	4,000	3,800	2,900	2,900
Other shrimp	5,600	5,500	5,000	6,000
Total	15,200	14,200	16,700	14,200

Source: Ministry Marine Affairs and Fisheries-Directorate General of Capture Fisheries

Brackish water pond culture production

Species	Production (Metric Tons)				
	2003	2004	2005	2006	2007*
Black tiger shrimp	133,600	131,400	134,700	147,900	
White shrimp	35,200	33,800	27,100	36,200	
Metapenaeus shrimp	22,900	19,900	13,700	-	
Metapenaeus Vannamei	-	53,200	103,900	141,600	
Mysids	700	200	200	-	
Total	192,400	238,500	279,600	325,700	352,200

Source: Ministry Marine Affairs and Fisheries-Directorate General of Aquaculture

* Estimate

Brackish water pond culture production by species and Province in 2006

Province	Production in 2006 (Metric Tons)				
	Black tiger shrimp	White shrimp	Metapenaeus shrimp *	Metapenaeus Vannamei	Mysids *
Sumatera	74,600	2,700	-	124,200	-
Java	30,500	28,300	-	4,100	-
Bali-Nusa Tenggara	1,700	100	-	8,500	-
Kalimantan	8,600	4,000	-	2,500	-
Sulawesi	31,000	1,000	-	0	-
Maluku-Papua	1,400	0	-	-	-
Total	147,800	36,100	-	139,300	-

Source: Ministry Marine Affairs and Fisheries-Directorate General of Aquaculture

* No data

Fresh water pond culture production (Metric Tons)

Species	2003	2004	2005	2006
Giant Fresh Water Prawn	200	300	900	1,200
Mostly produce in West Java, east Java, and Bali				

Source: Ministry Marine Affairs and Fisheries-Directorate General of Aquaculture

APPENDIX III: Indonesian Crustacean Exports (rounded)

HS Code	Description	Crustacean Export (Metric Tons)				
		2003	2004	2005	2006	2007
030611000	Rock Lobster & Other Sea Crawfish Frozen	2,400	700	100	200	500
030612000	Lobster Frozen	400	300	0	400	400
030613000	Shrimp and Prawns Frozen	115,800	114,000	121,300	135,400	112,700
030621100	Rock Lobster & Other Sea Crawfish in Airtight Containers	200	0	0	0	0
030621900	Rock Lobster & Other Sea Crawfish Other Than in Airtight Containers	700	900	1,000	1,800	2,000
030622100	Lobster in Airtight Containers	100	600	300	200	100
030622900	Lobster Other Than in Airtight Containers	1,300	1,000	1,000	1,400	1,500
030623100	Shrimp and Prawns in Airtight Containers	200	100	0	0	0
030623900	Shrimp and Prawns Other Than in Airtight Containers	4,300	3,900	3,100	3,000	3,700
160520000	Shrimp and Prawns Prepared or Preserved	2,300	12,300	20,600	23,400	23,800
Total		127,700	133,800	147,400	165,800	144,700

Source: Global Trade Atlas

APPENDIX IV: Indonesian Crustacean Imports (rounded)

HS Code	Description	Crustacean Import (Metric Tons)				
		2003	2004	2005	2006	2007
030611000	Frozen Rock Lobster & Other Sea Crawfish	0	0	0	0	600
030612000	Frozen Lobster	0	0	0	0	0
030613000	Frozen Shrimp and Prawns	2,600	12,400	700	700	2,500
030621900	Rock Lobster & Other Sea Crawfish Other Than in Airtight Containers	0	0	0	0	-
030622100	Lobster in Airtight Container	0	0	0	0	0
030622900	Lobster Other Than in Airtight Containers	0	0	0	0	0
030623900	Shrimp and Prawns Other Than in Airtight Containers	0	100	600	200	100
160520000	Shrimps and Prawns Prepared or Preserved	0	100	0	0	0
Total		2,600	12,600	1,300	900	3,200

Source: Global Trade Atlas